

## NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/7):**  
**BUTTER:** Grade AA closed at \$1.0525. The weekly average for Grade AA is \$1.0458 (-.0167).

**CHEESE:** Barrels closed at \$1.0500 and blocks at \$1.1575. The weekly average for barrels is \$1.0515 (-.0125) and blocks, \$1.1585 (-.0095).

**NONFAT DRY MILK:** Extra Grade closed at \$0.8900 and Grade A at \$0.8900. The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A, \$0.8900 (N.C.).

**BUTTER:** The butter market is weak. Early in the week, the cash price at the CME dipped under the support price for the first time since December 1993. At that time, the support price was \$.65 and the cash price was \$.64. Following Friday's trading, the CME price did recover to close above the support purchase price. Many producers and handlers acknowledge heavy inventories, strong production, and slow sales. This could indicate that the CME cash price might remain at or below support level which could encourage additional clearances to CCC. During the week of February 3 - 7, CCC purchased 84,546 pounds of Western bulk butter. Churning activity is strong and cream volumes are readily available from coast to coast. Overall butter sales are slow and centered around short term needs.

**CHEESE:** The cheese market is unsettled to weak. Generally lackluster demand and ample offerings continue to pressure prices. Milk intakes into cheese plants are above year ago levels, resulting in more cheese. With the increased development of non-standardized process products, at least a few traders feel that the pressure is on barrel manufacturers to shift or reduce production and/or to possibly expect a wider than historical price spread between blocks and barrels. CCC continues to purchase cheese under the price support program. Estimated cumulative calendar year 2002 total cheese production was 8.440 billion pounds, up 311.3 million pounds (3.8%) from 2001. American cheese production, including cheddar in 2002 totaled 3.666 billion pounds, up 147.0 million pounds (4.2%) from 2001 while cheddar alone totaled 2.807 billion in 2002, an increase of 61.0 million pounds, only up 2.2%.

**FLUID MILK:** Milk production is increasing in parts of the Southeast and most of the Southwest and Western regions. Weather conditions in the West have been and are ideal for milk output. However, there continues to be concern about current precipitation or lack thereof and its effect on spring/summer water supplies. Milk output in the Upper Midwest and Northeast is steady to slightly higher. Bottled milk sales range from slightly slower to good. Surplus milk volumes are heavier in most sections of the country. In instances, milk supplies are heavier than desired and some volumes are moving greater distances to find a home. The fluid cream market is generally weak with offerings far exceeding Class II demand. Heavier volumes of excess cream are moving inter-regionally to churns at lower prices.

**DRY PRODUCTS:** The NDM market is little changed. Production levels are moderate to heavy and generally exceeding current demand. Offerings to CCC continue at aggressive levels. Commercial demand is just fair as spot buyers wait for possibly lower prices. Many feel that there is no harm in waiting to purchase powder since stocks are in no jeopardy of tightening in the near future. The

dry whey market is steady to weaker. Prices are mostly steady in the East and Central regions; lower in the West. Spot demand is lackluster and little market activity is reported. The WPC market is steady and prices unchanged. Supplies of 34% are mixed. Some plants report being sold out while others do have product to offer. Demand is steady and mostly contractual. The dry buttermilk market is weak. Offerings are growing and demand is sluggish.

**CCC:** For the week of February 3 - 7, CCC purchased 84,546 pounds of Western butter, 514,800 pounds of Central process cheese, and 22,754,276 pounds of NDM. Of the NDM total, 636,618 pounds were from the Central region, 986,607 pounds from the East, and 21,131,051 pounds from the West.

**JANUARY 1 MILK COW INVENTORY SUMMARY (NASS):** The number of milk cows in the United States as of January 1, 2003, totaled 9.15 million head, up slightly from January 1, 2002, but down slightly from January 1, 2001. Milk replacement heifers totaled 4.10 million head, up 1% from both last year and two years ago. The number of milk replacement heifers per 100 milk cows on January 1, 2003, was 44.8, up from 44.6 on January 1, 2002, and up from 44.2 on January 1, 2001.

**JANUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2003 was unchanged at 126, up 4 points (3.3%) from January 2002. The index of prices received by farmers for dairy products declined 1 point during the month of January 2003 to 90. Compared with January 2002, the index was down 13 points (12.6%). Prices received by farmers in January with changes from December were: for All Milk, \$11.80, down \$.10; for Fluid Grade Milk, \$11.90, unchanged; and for Manufacturing Grade Milk, \$10.50, down \$.10.

**FEDERAL MILK ORDER PRICE AND POOL SUMMARY, ANNUAL (DAIRY PROGRAMS):** During 2002, about 125.5 billion pounds of milk were received from producers. This volume of milk is 4.4% higher than the 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +3.8%.) About 46.0 billion pounds of producer milk were used in Class I products, 0.3% higher than the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilizations were; Class I = 37%, Class II = 10%, Class III = 44%, and Class IV = 9%. The weighted average statistical uniform price was \$11.91, \$2.99 lower than last year.

**DECEMBER 2002 DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 127.0 million pounds in December, 3.2% above December 2001 and 21.8% above November 2002. American type cheese production totaled 312.1 million pounds, slightly below last December but 7.0% above a month ago. Total cheese output (excluding cottage cheese) was 731.5 million pounds, 4.0% above December 2001 and 2.6% above November 2002. Nonfat dry milk production, for human food, totaled 127.5 million pounds, 2.5% below a year ago but 32.7% above November. Dry whey production, for human food, was 90.4 million pounds, 5.6% above last December and 5.2% above November.

## \*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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CHICAGO MERCANTILE EXCHANGE  
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

| PRODUCT            | MONDAY<br>FEBRUARY 3 | TUESDAY<br>FEBRUARY 4 | WEDNESDAY<br>FEBRUARY 5 | THURSDAY<br>FEBRUARY 6 | FRIDAY<br>FEBRUARY 7 | WEEKLY<br>CHANGE* | WEEKLY<br>AVERAGE#   |
|--------------------|----------------------|-----------------------|-------------------------|------------------------|----------------------|-------------------|----------------------|
| CHEESE<br>BARRELS  | \$1.0500<br>(N.C.)   | \$1.0475<br>(-.0025)  | \$1.0600<br>(+.0125)    | \$1.0500<br>(-.0100)   | \$1.0500<br>(N.C.)   | N.C.              | \$1.0515<br>(-.0125) |
| 40# BLOCKS         | \$1.1675<br>(-.0025) | \$1.1650<br>(-.0025)  | \$1.1400<br>(-.0250)    | \$1.1625<br>(+.0225)   | \$1.1575<br>(-.0050) | -.0125            | \$1.1585<br>(-.0095) |
| BUTTER<br>GRADE AA | \$1.0375<br>(-.0175) | ----                  | \$1.0475<br>(+.0100)    | ----                   | \$1.0525<br>(+.0050) | -.0025            | \$1.0458<br>(-.0167) |

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.8900 and Grade A price is \$.8900. NDM information remains available at the above internet address.) NOTE: The CME will be closed Monday, February 17 for the observance of President's Day.

## CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 3, 2003

CHEESE — SALES: 1 CAR BARRELS @ \$1.0525; 3 CARS 40# BLOCKS: 1 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.0500, 1 @ \$1.0700; 3 CARS 40# BLOCKS: 1 @ \$1.1675, 2 @ \$1.1700

BUTTER — SALES: 8 CARS: 1 @ \$1.0475, 2 @ \$1.0450, 1 @ \$1.0425, 3 @ \$1.0400, 1 @ \$1.0375; BIDS UNFILLED: 6 CARS: 2 @ \$1.0375, 2 @ \$1.0350, 2 @ \$1.0300; OFFERS UNCOVERED: 4 CARS: 2 @ \$1.0500, 1 @ \$1.0525, 1 @ \$1.0650

TUESDAY, FEBRUARY 4, 2003

CHEESE — SALES: 2 CARS BARRELS @ \$1.0475; 7 CARS 40# BLOCKS: 1 @ \$1.1650, 1 @ \$1.1700, 1 @ \$1.1650, 1 @ \$1.1675, 1 @ \$1.1625, 2 @ \$1.1650; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0400; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0700; 2 CARS 40# BLOCKS @ \$1.1700

WEDNESDAY, FEBRUARY 5, 2003

CHEESE — SALES: 8 CARS BARRELS: 1 @ \$1.0450, 4 @ \$1.0500, 1 @ \$1.0600, 1 @ \$1.0500, 1 @ \$1.0600; 21 CARS 40# BLOCKS: 3 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1600, 2 @ \$1.1575, 1 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1500, 1 @ \$1.1575, 1 @ \$1.1450, 1 @ \$1.1575, 1 @ \$1.1450, 1 @ \$1.1575, 1 @ \$1.1450, 1 @ \$1.1500, 1 @ \$1.1475, 1 @ \$1.1500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0700; 13 CARS 40# BLOCKS: 1 @ \$1.1400, 1 @ \$1.1550, 2 @ \$1.1575, 3 @ \$1.1600, 1 @ \$1.1625, 5 @ \$1.1650

BUTTER — SALES: 1 CAR @ \$1.0475; BIDS UNFILLED: 5 CARS: 1 @ \$1.0450, 1 @ \$1.0350, 1 @ \$1.0275, 2 @ \$1.0250; OFFERS UNCOVERED: 1 CAR @ \$1.0675

THURSDAY, FEBRUARY 6, 2003

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1375, 1 @ \$1.1400, 1 @ \$1.1625; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0450; 1 CAR 40# BLOCKS @ \$1.1600; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.0500, 1 @ \$1.0600, 1 @ \$1.0675; 4 CARS 40# BLOCKS: 2 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1700

FRIDAY, FEBRUARY 7, 2003

CHEESE — SALES: 3 CARS BARRELS: 2 @ \$1.0400, 1 @ \$1.0500; 5 CARS 40# BLOCKS: 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1500, 1 @ \$1.1550, 1 @ \$1.1575; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.0500, 1 @ \$1.0600; 5 CARS 40# BLOCKS: 1 @ \$1.1575, 3 @ \$1.1600, 1 @ \$1.1625

BUTTER — SALES: 2 CARS: 1 @ \$1.0500, 1 @ \$1.0525; BIDS UNFILLED: 4 CARS: 1 @ \$1.0400, 1 @ \$1.0375, 2 @ \$1.0350; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.0550, 1 @ \$1.0575

## BUTTER MARKETS

## DECEMBER BUTTER PRODUCTION

During December 2002, butter production in the United States totaled 127.0 million pounds, 3.2% more than December 2001 and 21.8% more than November 2002. The following are December to December changes for various states: CA +0.1%, NY +7.4%, PA -0.7%, WA +13.7%, and WI -0.7%.

## NORTHEAST

The market tone is weak. The cash price at the CME has (through 2/3) decreased three consecutive trading sessions. This, to many in the trade, is reflective of the current, national production/supply/demand scenario. In the Northeast, butter output is heavy and producers are reducing their paying price for the growing supply of excess cream. In addition to lower pay prices for cream, some other producers are also limiting cream intakes. Cream suppliers continue to report heavy out-of-region clearances of excess cream. Demand is lackluster and with the CME price now below the CCC purchase price, some producers may start to think more seriously about offering to CCC rather than build inventories. Demand for bulk and packaged butter is slow to fair, but some producers do note that Easter orders are being "looked at." Food service orders are steady. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

## CENTRAL

Butter markets remain weak. Early in the week, the cash price at the CME dipped under the support price for the first time since December 1993. At that time, the support price was \$.65 and the cash price was \$.64. Currently, many producers and handlers acknowledge heavy inventories, strong production, and slow sales, thus indicating that they are not surprised that the cash price declined below

support. At midweek, no Central butter has been offered to CCC, although producers and handlers feel that it will not be too long before offerings appear. Churning activity is strong and cream volumes are readily available. Buying interest remains slow and most orders are for short term needs. Bulk butter for spot sales is selling in a range of flat to 2 cents per pound over various pricing basis, but these sales are very limited.

## WEST

Butter has moved to the CCC price support program from two different Western states. Pricing continues in a narrow range around the support price of \$1.05. Demand for bulk butter is only fair at best with heavy inventories noted across the country. The trade continues to talk about the possibility of the butter DEIP program becoming active in the near future. Some talk about Easter interest for print butter is surfacing. The trade is unsure what having a very late Easter will have on the total sales picture. Butter production is very heavy at most locations. Many plants are turning out quite a bit more butter than was planned. Cream is readily available and much of it is ending up in the churns eventually. U.S. butter production was 127.0 million pounds during December, up 3.2% from last year and up 21.8% (22.8 million pounds) from last month. The Western region produced 50.6 million pounds during December, up 3.0% from last month and up 19.6% from 2001. Total butter output for calendar 2002 has reached 1.36 billion pounds, an increase of 9.9% from last year. That is an increase of 122.1 million pounds or an extra 2.35 million produced every single week during 2002. Weekly CME stocks grew by 4.45 million pounds this past week and stand at 124.8 million pounds. Current prices for bulk butter range from 3 1/2 cents under to 1 1/4 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

| WEEK ENDING | CHEESE     |                         | NDM        | BUTTER    | DRY WHEY   |
|-------------|------------|-------------------------|------------|-----------|------------|
|             | 40# BLOCKS | BARRELS<br>38% MOISTURE |            |           |            |
| FEB 1       | 1.1487     | 1.1085                  | 0.8120     | 1.0510    | 0.1649     |
|             | 8,843,728  | 9,868,843               | 34,027,059 | 6,067,157 | 14,148,622 |

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are generally lower and the market tone is weak. Cheese output in the Northeast is steady to lower. Some mozzarella plants have curtailed operations for various periods of time to avoid inventory build-up. Some other operations have had some mechanical problems that temporarily slowed cheese output. Cheese supplies are more than ample for distributors' and retailers' needs. Locally made cheese supplies are in decent balance, but overall slow demand is not clearing cheese as fast as it has been. Typical for this time of year, cheddar is being made and put into aging programs. Demand for mozzarella is slow to fair. Retail sales and food service orders are slower. Reports indicate that the domestic Swiss market is highly competitive due to low-priced imports.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|                             |   |               |
|-----------------------------|---|---------------|
| Cheddar 10# Prints          | : | 1.2325-1.7275 |
| Cheddar Single Daisies      | : | 1.1900-1.6550 |
| Cheddar 40# Block           | : | 1.3075-1.5550 |
| Process 5# Loaf             | : | 1.2750-1.4725 |
| Process 5# Sliced           | : | 1.2950-1.5400 |
| Muenster                    | : | 1.3950-1.6000 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

## MIDWEST CHEESE

The cheese market is unsettled to weak. Overall, lackluster cheese demand and readily available supplies continue to pressure prices. Natural interest is mostly fair at best. Barrel interest continues to be sluggish with discounting fairly common to help clear inventory. Process interest is generally fair at best. With the increased interest in non-standardized process products, at least a few traders feel that the pressure continues on barrel manufacturers to shift or reduce production and/or to expect a wider than normal price spread between blocks and barrels. Few, if any, processors or packagers need overtime on any lines to fill orders. Swiss supplies are heavy and some plant operators are having problems keeping inventories from accumulating further with current milk receipts. Cheese production remains seasonally active.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|   |   |               |
|---|---|---------------|
| Process American 5# Loaf                    | : | 1.2450-1.4900 |
| Brick And/Or Muenster 5#                    | : | 1.5300-1.7300 |
| Cheddar 40# Block                           | : | 1.4500-2.1150 |
| Monterey Jack 10#                           | : | 1.7000-2.1150 |
| Blue 5#                                     | : | 1.9225-2.2100 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.4750-2.2150 |
| Grade A Swiss Cuts 6 - 9#                   | : | 1.9500-2.6850 |

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

|          | BUTTER | : | CHEESE  |
|----------|--------|---|---------|
|          |        | : |         |
| 02/03/03 | 73,508 | : | 141,086 |
| 01/01/03 | 52,308 | : | 136,430 |
| CHANGE   | 21,200 | : | 4,656   |
| % CHANGE | 41     | : | 3       |

## WEST

Process cheese prices declined this week following trading at the CME cheese market last week. Natural and Swiss prices held steady. Most contacts in the trade feel that demand for barrels and processing solids is slow for this time of the year. They are not certain if this is a short run phenomenon or a longer run issue. Current blocks are moving, but inventories are on the increase. More cheese is entering aging programs at these relatively favorable prices. U.S. total cheese production in December reached 731.5 million pounds, an increase of 4.0% from last year and 2.6% from last month. Output in the Western region for December totaled 282.9 million pounds, up 5.8% from last year and 2.1% from last month. For 2002, U.S. production of cheese totals 8.44 billion pounds, an increase of 3.8% from last year. This is an increase of 311.3 million pounds over the one year period. This equates to almost an additional 6 million pounds of cheese every week. Swiss output in December was 22.6 million pounds, an increase of 12.3% from December last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

|                           |   |               |
|---------------------------|---|---------------|
| Process 5# Loaf           | : | 1.2125-1.4725 |
| Cheddar 40# Block         | : | 1.3000-1.4400 |
| Cheddar 10# Cuts          | : | 1.4800-1.7000 |
| Monterey Jack 10#         | : | 1.4900-1.6500 |
| Grade A Swiss Cuts 6 - 9# | : | 2.2600-2.4100 |

## FOREIGN

Prices are mixed, mostly lower on domestic styles and types. The market tone is weak. Stocks of most cheese are adequate to meet the generally slow retail and food service demand. Imports are steady, but U.S. dollar's continued weakness compared to the Euro may be affecting purchasing decisions.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

| VARIETY                  | NEW YORK        |                |
|--------------------------|-----------------|----------------|
|                          | IMPORTED        | DOMESTIC       |
|                          | :               | :              |
| Roquefort                | TFEWR           | -0-            |
| Blue                     | 2.6400-3.3900   | 1.5275-3.0175* |
| Gorgonzola               | 3.2400-5.9400   | 2.0450-2.4900* |
| Parmesan (Italy)         | TFEWR           | 2.9375-3.0275* |
| Romano (Italy)           | 2.1000-3.1900   | -0-            |
| Provolone (Italy)        | 3.4400-5.5000   | 1.5350-1.7625* |
| Romano (Cows Milk)       | -0-             | 2.7250-4.8975* |
| Sardo Romano (Argentina) | 2.8500-3.2900   | -0-            |
| Reggianito (Argentina)   | 2.6900-3.2900   | -0-            |
| Jarlsberg-(Brand)        | 2.7500-3.6900   | -0-            |
| Swiss Cuts Switzerland   | -0-             | 2.3500-2.5500  |
| Swiss Cuts Finnish       | 2.5900-2.8500*  | -0-            |
| Swiss Cuts Austrian      | TFEWR           | -0-            |
| Edam                     | :               | :              |
| 2 Pound                  | TFEWR           | -0-            |
| 4 Pound                  | 2.1900-2.9900   | -0-            |
| Gouda, Large             | TFEWR           | -0-            |
| Gouda, Baby (\$/Dozen)   | :               | :              |
| 10 Ounce                 | 27.8000-31.7000 | -0-            |

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

|                  | THIS WEEK |     | LAST WEEK |     | LAST YEAR |     |
|------------------|-----------|-----|-----------|-----|-----------|-----|
|                  | IN        | OUT | IN        | OUT | IN        | OUT |
| FLORIDA          | 0         | 15  | 0         | 0   | 6         | 0   |
| SOUTHEAST STATES | 0         | 0   | 0         | 0   | 0         | 0   |

The following are the January 2003 Class and component prices under the Federal Milk Order pricing system: Class II \$11.29 (down \$0.33 from December), Class III \$9.78 (up \$0.04); and Class IV \$10.07 (down \$0.42). The following are the product price averages used in computing Class prices: butter \$1.0872, NDM \$0.8207, cheese \$1.1307, and dry whey \$0.1728. The Class II butterfat price is \$1.1926 and the Class III/IV butterfat price is \$1.1856. Milk production is steady to slightly heavier in most of the East. In the Northeast, the milk flow is mostly steady and milk supplies are moderate to heavy. In the Southeast, milk output is increasing along the coastal areas from the Carolinas to Louisiana. Elsewhere in the South, milk production is generally steady. Florida's need for milk eased this week as in-state milk production is increasing and demand is steady. Therefore, handlers had to ship milk out of state for processing, a trend that may continue if historic patterns are any indication. Bottled milk sales ranged from slower in the South to good in the Northeast. Another storm and cold temperatures "blew through" the Mid-South, Middle Atlantic, and New England, which caused a short flurry of panic buying at some grocery stores. Bottlers reported good orders during the weekend, but slightly slower orders at midweek. Surplus milk volumes are moderate to heavy. Some cheese plants are down this week and the extra milk was looking for a home. Southeastern balancing plants ran some additional milk this week as a result of slower Class I sales and the milk coming out of Florida. This additional surplus milk supply was, in some instances, eased by one organization's need for extra milk to meet manufacturing commitments. Eastern butter/powder plants are busy, but most are not yet at capacity. The condensed skim market is mostly steady and prices range from steady to lower now that February milk prices are impacting Class II transactions. Demand for wet solids is steady at best. Some users are looking at NDM as a less expensive alternative. The fluid cream market is weak and prices are lower. Supplies are excessive and most producers and/or handlers continue to clear a large portion of their cream to butter producers. Reportedly, cream shipments from the East to Upper Midwest butter makers are heavy and have been since early January. Spot interest for Class II cream is slow to fair. Some buyers are taking advantage of the low prices to make some spot purchases. Some suppliers did drop their multiples to attract more Class II interest, particularly since most butter makers have significantly reduced their paying multiples. Cream cheese production is steady to slightly higher as some producers did take on some spot loads this week. Ice cream output is steady, but here too, producers are often able to purchase attractively priced spot loads. Bottled cream output is light. Churning activity is heavy.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

|  |   |                               |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST     | - | 1.2219-1.3600                 |
| DELIVERED EQUIVALENT ATLANTA           | - | 1.2538-1.3600 M 1.2644-1.2963 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 1.3919-1.4450                 |

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

|   |                |
|---|----------------|
| F.O.B. PRODUCING PLANTS:                              |                |
| NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES | - .9200- .9800 |
| NORTHEAST- CLASS III - SPOT PRICES                    | - .7200- .8600 |

## M I D W E S T

Class I interest ranged from still just below average to slightly improved, despite the usually stronger first of the month stimulus. For some bottlers, their regular milk supplies seem to be in balance with demand. Milk volumes remain seasonally heavy and manufacturing schedules are holding well above year ago levels. More than a few plant operators would prefer to reduce production schedules due to sluggish finished product sales if they could get rid of some milk without absorbing a loss on the sale. Reported spot milk prices on a very light test are just flat class with or without delivery. Ice cream interest is steady to occasionally improved. Surplus cream continues to get diverted to churns due to the large volume available

at lower prices. Attempts continue to build frozen dessert inventory ahead of the traditional peak summer demand period. Production schedules range from just regular to some including regular overtime. Condensed skim prices range from \$0.80 to \$1.00, depending on class. Condensed skim interest is generally good from ice cream accounts. Plant milk intakes are steady to slightly higher. Fat and protein tests on incoming milk volumes are fairly flat with recent weeks though slightly below late 2002 levels. Colder temperatures, high winds, and snow covered much of the region. In some areas where snow accumulations were larger, the wind caused drifting, slowing travel.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

|                           | JAN 30 - FEB 5  | PREVIOUS YEAR   |
|---------------------------|-----------------|-----------------|
| SLAUGHTER COWS            | \$ 39.50- 46.00 | \$ 41.00- 46.50 |
| REPLACEMENT HEIFER CALVES | \$300.00-550.00 | \$450.00-600.00 |

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

|                | JAN 30 - FEB 5  | PREVIOUS YEAR   |
|----------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 36.00- 45.50 | \$ 39.50- 47.50 |

## W E S T

The January 4a price (butter/powder) in CALIFORNIA is \$9.60, down \$0.48 from December and \$1.86 lower than last year. This compares to the Federal Order Class IV price for January at \$10.07. The January 4b price (cheese) is \$9.58, up \$0.15 from December but \$1.84 lower than last year. This compares to the Federal Order Class III price for January at \$9.78. MILK COWS that have calved on farms in the United States on January 1, 2003, totaled 9.15 million head, up 40,000 head from a year ago. The top Western milk producing states in 2002 had the following MILK COW numbers and percentage change: AZ, 150,000 head, +10,000 head, +7.1%; CA, 1.68 million head, +60,000 head, +3.7%; ID, 390,000 head, +13,000 head, +3.4%; NM, 310,000 head, +20,000 head, +6.9%; OR, 117,000 head, +12,000 head, +11.4%; and WA, 247,000 head, no change, no change. December 1 U.S. HAY STOCKS on farms totals 103.8 million tons, a decline of 6.1% from a year earlier and a decrease of 1.7% from 2000. In the U.S., 33 of the 48 states surveyed were negative. In the Western region, only 3 of the 8 surveyed states were negative. The stocks in the region totaled 13.0 million tons, an increase of 6.0% from last year. Stocks in relation to a year earlier have probably grown since this survey because of the mild, open that has been common over most of the West. There seems to be very little in the way to slow milk production growth in CALIFORNIA as volumes continue into processors at a strong pace versus a year ago. Winter conditions have been and continue on dry and warm patterns that provide a comfortable environment for the milking herd. Milk supplies are heavy and often moving farther and for more strategic reasons to find processing homes. Fluid milk orders are fully steady across the state with only minor changes noted from orders. NEW MEXICO milk production is increasing on a week to week basis with good weather conditions prevalent across the producing areas. Supplies are moving to regular accounts within the marketing area. Fat and solids levels are holding mostly steady. Bottling milk demand is flat. Milk supplies are increasing in ARIZONA in response to good milk producing conditions. The growth trend continues to show supplies higher with healthy increases around the 5% mark over last year's numbers are common. These current levels are stronger than anticipated. Extra milk is available from local accounts and from out of state if needed. CREAM supplies in the West continue to be rather on the heavy side. There are continued offerings of cream to local and out of region accounts. There were some changes to multiples in response to the lower CME average, changes in bimonthly Class 2 and 3 prices in California, along with some butter producers trying to floor the butter price (and cream basing price) at the support price of \$1.05. Cream multiples in the West range from 107 to 126, FOB, depending on class usage. Milk production remains heavy in the PACIFIC NORTHWEST. Weather conditions are very conducive to heavy output. Concentrates and hay are readily available and are not limiting output in any way. Financial stress is increasing with most producers not seeing any real improvement in milk income until out into 2004. Operations are being told to discontinue production on a weekly basis in the West. Most cows are ending up still being milked within the region. Some welcome winter weather has occurred in UTAH and IDAHO this past week. The moisture was welcomed, but weekly storms are needed to start to fill some reservoirs. Milk output remains heavy and contacts are wondering if there will really be a spring flush or if output is most of the way there now.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to lower on a weak market. Production is steady to slightly lower as Class I and condensed skim sales improve, decreasing drying time. Some plants reduced prices to remain competitive with the West coast. At other locations, prices are thought to have bottomed. Inventories are mostly in balance on high and low heat. Traders are generally not interested in NDM as profit margins are too low and buyer demand is very light. Most NDM is being cleared into contracts or the CCC.

EAST: Prices are mostly steady and the market tone remains relatively weak. Most producers do indicate good sales, both contract and spot. However, spot sales are generally for immediate needs. Spot buyers do not want too much on hand at a time when they feel that prices may still move slightly lower. Traders continue to report another week of limited activity. Drying schedules in the East are mixed. Some plants have less milk to process, while others have increased volumes. Stocks of NDM range from light to ample. Eastern NDM continues to clear to CCC. Demand for condensed skim remains slow to fair. DAIRY PRODUCTS: Production of human food, nonfat dry milk during December 2002 totaled 127.5 million pounds, down 2.5% from December 2001 but 32.7% above November 2002. Month ending stocks, at 98.7 million pounds, are 20.7% below a year ago but 13.3% higher than November 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8000 - .8600 MOSTLY: .8300 - .8400

HIGHHEAT: .8675 - .9150

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are lower on the top end of the range and on the top end of the mostly series. Suppliers continue to lower prices to remain competitive with others in the region and the week to week price changes dictated a lower mostly series. NDM is available from most sources and excess continues to be cleared to the CCC under the price support program. Production remains active in the region to process a growing milk supply. Stocks remain higher than sales. During the week of January 27 - 31, CCC purchased 11,923,551 pounds of nonfortified NDM from the West. High heat NDM prices are lower in a weak market. Suppliers have product, but are not finding sales. Buyers are reluctant to make purchases and seeing seasonal demand lighter than expected. U.S. NDM production in December totaled 127.5 million pounds, down 2.5% from last year but 32.7% higher than November. Cumulative production in 2002 totaled 1.51 billion pounds, 6.9% higher than in 2001. December production in the West region totaled 94.9 million pounds, down 1.6% from last year. Western states' production levels with comparisons to last year are: California, 61.4 million pounds, -3.5%; Idaho, 5.3 million pounds, -38.3%; and Washington, 15.7 million pounds, +5.5%. U.S. manufacturers' stocks at the end of December were reported at 98.7 million pounds, down 20.7% from last year but up 13.3% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .7950 - .8950 MOSTLY: .8000 - .8150

HIGHHEAT: .8250 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

| WEEK ENDING | PRICE   | TOTAL SALES | SALES TO CCC |
|-------------|---------|-------------|--------------|
| January 31  | \$.8088 | 18,115,669  | 11,348,027   |
| January 24  | \$.8039 | 15,566,385  | 11,590,075   |

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a steady market. Sales into brokerage firms continue at the lower end of the range. Direct end-user spot sales are light with most movement occurring on contracts. Offerings are increasing. Production is mostly steady to somewhat higher in light of increased churn activity at some locations. Condensed buttermilk is readily available for the light to fair ice cream and custom dryer/blender interest. Due to the increased cost of natural gas, some producers prefer to clear buttermilk in the condensed form when possible. Dry buttermilk production during December 2002 totaled 5.1 million pounds, down 15.5% from December 2001 but 37.4% higher than November 2002. Month ending stocks, at 7.3 million pounds, are 4.3% below last year but 12.1% higher than last month.

F.O.B. CENTRAL:

.6900 - .7200

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower and the market tone remains weak. Eastern prices are nominal. With continued heavy churning, buttermilk supplies are heavy and drying is up accordingly. Some producers continue to clear a good portion of their buttermilk as a liquid, which helps ease drying. Plant stocks are moderate. Demand is just fair. Dry buttermilk production during December 2002 totaled 5.1 million pounds, down 15.5% from December 2001 but 37.4% more than November 2002. Month ending stocks, at 7.3 million pounds, are 4.3% less than last year but 12.1% more than a month ago.

F.O.B. NORTHEAST:

.7175 - .7300

DELVD SOUTHEAST:

.7400 - .7750

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are often pressured lower to be able to move. Drying continues to be active beyond projections as butter production remains high with heavy cream supplies. Some producers are in better inventory balance, but those relying on spot sales are often under pressure to discount to move loads. There are some camps that are reluctant to lower prices and would rather store with hopes of future prices higher into the summer. U.S. dry buttermilk production in December totaled 5.1 million pounds, down 15.5% from last year but 37.4% higher than November. Stocks at the end of December were reported at 7.3 million pounds, 4.3% lower than last year.

F.O.B. WEST:

.7000 - .7600 MOSTLY: .7200 - .7400

**DRY WHOLE MILK - NATIONAL**

Prices are mixed as some producers adjust prices to the newly announced milk price and others adjust to the changing CME butter price. The market tone is steady. Prices remain nominal. Production levels are up at more plants. Spot demand is slow to fair and most shipments are to meet contracts. Dry whole milk production during December totaled 3.8 million pounds, up 30.5% from December 2001 and 11.9% above November 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT:

1.1000 - 1.1500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2002 THROUGH JANUARY 31, 2003  
WITH CHANGES FROM PREVIOUS REPORT

|                 |   |                             |
|-----------------|---|-----------------------------|
| NONFAT DRY MILK | - | 42,626 MT (93,973,279 LBS)* |
| CHEESE          | - | 1,894 MT (4,175,512 LBS)*   |

\* The second stage of the DEIP allocations is filled.

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. However, the second stage of this year's program was announced on November 15 and makes available, as part of the total allocation, an additional 25,576 MT of NDM, 7,912 MT of butterfat, and 1,137 MT of cheese.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a steady market. Production is mostly steady and inventories are generally in balance. Some traders are picking up additional loads while spot sales to end-users are lackluster. Prices are anticipated to trend higher after Western market prices settle. Most movement is occurring on contracts. Supplies of condensed whey are readily available for the light feed interest. Production of human food, dry whey during December 2002 totaled 90.4 million pounds, 5.6% more than December 2001 and 5.2% below November 2002. Month ending stocks, at 40.8 million pounds, are 8.4% above a year ago and 11.5% more than November 2002.

F.O.B. CENTRAL: .1500 - .1650 MOSTLY: .1550 - .1600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices and the market tone are steady. However, there is a limited amount of spot activity being reported. Contract deliveries are clearing a good share of the current output, but most Eastern producers do have product on hand for immediate shipment. Grade A, dry whey is in the tightest position. Domestic demand is fair as buyers seem to be taking a wait and see posture. Producers report that export business is decent now that prices are as low as they are. Eastern production levels are steady to lighter. Production of human food, dry whey during December totaled 90.4 million pounds, 5.6% more than December 2001 and 5.2% above November 2002. Month ending stocks, at 40.8 million pounds, are 8.4% above last year and 11.5% more than a month ago. Production of animal feed, dry whey during December totaled 6.5 million pounds, 22.7% more than a year ago and 15.7% above November 2002.

F.O.B. NORTHEAST: EXTRA AND GRADE A: .1575 - .1800  
DELVD SOUTHEAST: .1800 - .1950

**DRY WHEY - WEST**

Prices continue to decline for Western whey powder. Inventories remain a concern at many locations and they are lowering prices to reduce holdings. Stock levels are in better shape than a few weeks ago. Demand is actually slowing as those buyers that were operating with minimal inventories have stocked up to decent working stocks and they are now out of the market. They will wait until they deplete those stocks or until prices move lower. Production is heavier than anticipated at most Western production plants. December dry whey human production in the Western region totaled 25.9 million pounds, up 13.7% from last year compared to 90.4 million pounds for the U.S. and an increase of 5.6%. Total dry whey production for the U.S. in 2002 reached 1.12 billion pounds, an increase of 6.9% from last year. This is an increase of 72.1 million pounds or a weekly average increase in production of 1.4 million pounds.

NONHYGROSCOPIC: .1500 - .1900 MOSTLY: .1575 - .1700

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower on roller ground and milk replacer on a mostly steady market. Interest in milk replacer is decreasing as supplies of Extra Grade product are readily available. Production of roller ground is higher due to increased condensed whey supply availability. Buyer interest is fair to good and mostly contractual. The U.S. inventory of sows and gilts on January 1, 2003, was 5.84 million head, down 3% from January 1, 2002. U.S. sows and gilts bred during December totaled 1.17 million head, down 2% from the previous year. Production of animal feed dry whey during December 2002 totaled 6.5 million pounds, 22.7% higher than a year ago and 15.7% more than November 2002. Month ending stocks, at 2.5 million pounds, are 28.0% above a year ago but 20.7% lower than last month.

F.O.B. CENTRAL:  
MILK REPLACER: .1375 - .1500  
ROLLER GROUND: .1475 - .1825

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. Supplies are mixed. Some plants are sold out and cannot offer product on a spot basis. However, at other locations, inventories are starting to build and production is increasing due to excess supplies of condensed whey available. Movement is mostly contractual with some spot movement into brokerage firms. Offerings of Norwegian and domestic 80% are noted into some feed facilities. Interest in instantized 80% and 34% is fair to good. Off grade product is available at prices that vary with the quality for the light interest. Production is steady and inventories are in balance to tight. Production of HUMAN FOOD WPC during December 2002 totaled 28.4 million pounds, up 18.8% from December 2001 and 9.1% above November 2002. Manufacturers end-of-month stocks totaled 21.6 million pounds, 16.4% higher than a year ago and 0.8% above last month. Production of ANIMAL FEED WPC during December 2002 totaled 3.3 million pounds, down 13.6% from December 2001 but 3.8% above November 2002. Manufacturers end-of-month stocks totaled 1.4 million pounds, 52.0% above last year but 1.0% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4900 - .5425 MOSTLY: .5100 - .5150

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher on a steady to firm market. Supplies are mixed. Supplies of 100 and 200 mesh product are tight. Lower mesh sizes are in balance to heavy at some locations. Production is mostly steady. Asian interest is strong with domestic inquiry noted from confectionary and infant formula firms. Some buyers are requesting contract negotiation for the second quarter. Some firms are committing to small lot quantities for the second quarter at prices above the mostly range. Off grade supplies of lactose are available at prices near the low end of the range. Lactose production during December 2002 totaled 50.2 million pounds, up 6.9% from December 2001 and 4.9% above November 2002. Month ending stocks, at 45.6 million pounds, are 46.9% higher than a year ago and 16.2% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1550 - .2350 MOSTLY: .1600 - .1800

**CASEIN - NATIONAL**

Casein markets remain firm although prices are holding generally steady. Domestic buyers are getting their needs filled, but have concerns about future needs. Recent production data out of Europe indicated that during 2002, casein production was down 15.7% from the previous year. Production was down during the first 6 months by 5.95% and during the last half of the year, output was off by 24.8%. Production trends in the Oceania region are also a concern. Buyers state that with drought conditions in Australia and the milk production season being on the down side in New Zealand, these conditions are not providing a very positive supply situation from that region. The bottom line of these conditions indicate that many buyers anticipate supplies to remain in close balance and tight, with firmer prices for the future.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.1000  
ACID: 1.8000 - 1.9500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production is mostly steady. Producers across the country are not having too much trouble getting milk. Plant inventories are being replenished. Demand is steady and mostly for replacement needs. Canned evaporated milk production during December 2002 totaled 36.6 million pounds, 2.3% more than December 2001 but 19.1% less than November 2002. Month ending stocks, at 52.9 million pounds, are 31.4% more than a year ago but 3.3% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

| COMMODITY  | REPORT NUMBER 1   | REPORT NUMBER 2   | REPORT NUMBER 3   | REPORT NUMBER 4   | REPORT NUMBER 5   | 2003     | 2002     |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|----------|----------|
|  | -----             | -----             | -----             | -----             | -----             | Average  | Average  |
|  | JAN 01 - 03       | JAN 06 - 10       | JAN 13 - 17       | JAN 20 - 24       | JAN 27 - 31       | or Total | or Total |
| <b>CHEESE</b>  |                   |                   |                   |                   |                   |          |          |
| <b>WISCONSIN (WSP, Delivered, LTL)</b>                                       |                   |                   |                   |                   |                   |          |          |
| -- Process American 5# Loaf  | 1.2975 - 1.5200   | 1.2900 - 1.4900   | 1.2850 - 1.4900   | 1.2925 - 1.4900   | 1.2600 - 1.4900   | 1.3879   | 1.5831   |
| -- Brick And/Or Muenster 5#  | 1.5900 - 1.7075   | 1.5300 - 1.6750   | 1.5300 - 1.6825   | 1.5300 - 1.7175   | 1.5300 - 1.7325   | 1.6187   | 1.7544   |
| -- Cheddar 40# Block   | 1.5100 - 2.1150   | 1.4500 - 2.1150   | 1.4500 - 2.1150   | 1.4500 - 2.1150   | 1.4500 - 2.1150   | 1.7854   | 1.8625   |
| -- Monterey Jack 10#   | 1.7700 - 2.1150   | 1.7000 - 2.1150   | 1.7000 - 2.1150   | 1.7000 - 2.1150   | 1.7000 - 2.1150   | 1.9108   | 1.9725   |
| -- Blue 5#   | 1.9000 - 2.2700   | 1.8675 - 2.2100   | 1.8750 - 2.2100   | 1.9100 - 2.2100   | 1.9250 - 2.2100   | 2.0549   | 2.1994   |
| -- Mozzarella 5 - 6#   | 1.4525 - 2.2150   | 1.4200 - 2.2150   | 1.4200 - 2.2150   | 1.4625 - 2.2150   | 1.4775 - 2.2150   | 1.8299   | 1.9224   |
| -- Grade A Swiss Cuts 6 - 9#   | 1.9000 - 2.6850   | 1.9500 - 2.6850   | 1.9500 - 2.6850   | 1.9500 - 2.6850   | 1.9500 - 2.6850   | 2.3151   | 2.3468   |
| <b>NORTHEAST (WSP, Delivered, LTL)</b>                                       |                   |                   |                   |                   |                   |          |          |
| -- Cheddar 10# Prints  | 1.2100 - 1.7050   | 1.1775 - 1.6725   | 1.1850 - 1.6800   | 1.2200 - 1.7150   | 1.2350 - 1.7300   | 1.4517   | 1.6071   |
| -- Cheddar Single Daisies  | 1.1675 - 1.6325   | 1.1350 - 1.6000   | 1.1425 - 1.6075   | 1.1775 - 1.6425   | 1.1925 - 1.6575   | 1.3942   | 1.5596   |
| -- Cheddar 40# Block   | 1.2875 - 1.5325   | 1.2550 - 1.5000   | 1.2625 - 1.5075   | 1.2975 - 1.5425   | 1.3100 - 1.5575   | 1.4039   | 1.5467   |
| -- Process 5# Loaf   | 1.3275 - 1.5275   | 1.3200 - 1.5200   | 1.3150 - 1.5150   | 1.3200 - 1.5200   | 1.2900 - 1.4875   | 1.4121   | 1.5991   |
| -- Process 5# Sliced   | 1.3475 - 1.5950   | 1.3400 - 1.5875   | 1.3350 - 1.5825   | 1.3400 - 1.5875   | 1.3100 - 1.5550   | 1.4558   | 1.6664   |
| -- Muenster  | 1.3725 - 1.5775   | 1.3400 - 1.5450   | 1.3475 - 1.5525   | 1.3825 - 1.5875   | 1.3975 - 1.6025   | 1.4692   | 1.6359   |
| -- Grade A Swiss Cuts 10 - 14#   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.4500   | 2.4500   |
| <b>WEST COAST (WSP, Delivered, LTL)</b>                                      |                   |                   |                   |                   |                   |          |          |
| -- Process 5# Loaf   | 1.2675 - 1.5275   | 1.2600 - 1.5200   | 1.2550 - 1.5150   | 1.2600 - 1.5200   | 1.2275 - 1.4875   | 1.3818   | 1.5812   |
| -- Cheddar 40# Block   | 1.2775 - 1.4175   | 1.2450 - 1.3850   | 1.2525 - 1.3925   | 1.2875 - 1.4275   | 1.3000 - 1.4400   | 1.3411   | 1.5060   |
| -- Cheddar 10# Cuts  | 1.4575 - 1.6725   | 1.4250 - 1.6450   | 1.4325 - 1.6525   | 1.4675 - 1.6875   | 1.4800 - 1.7000   | 1.5608   | 1.7260   |
| -- Monterey Jack 10#   | 1.4675 - 1.6275   | 1.4350 - 1.5950   | 1.4425 - 1.6025   | 1.4775 - 1.6375   | 1.4900 - 1.6500   | 1.5411   | 1.7060   |
| -- Grade A Swiss Cuts 6 - 9#   | 2.2600 - 2.4100   | 2.2600 - 2.4100   | 2.2600 - 2.4100   | 2.2600 - 2.4100   | 2.2600 - 2.4100   | 2.3350   | 2.4450   |
| <b>FLUID PRODUCTS</b>  |                   |                   |                   |                   |                   |          |          |
| <b>SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)</b>                  |                   |                   |                   |                   |                   |          |          |
| -- Northeast - f.o.b   | 1.3680 - 1.4820   | 1.3590 - 1.4949   | 1.3230 - 1.4553   | 1.2890 - 1.4072   | 1.2840 - 1.4017   | 1.3827   | 1.7028   |
| -- Atlanta - dlvd. equiv.  | 1.3794 - 1.5276   | 1.3590 - 1.4949   | 1.3340 - 1.4553   | 1.2890 - 1.4179   | 1.2840 - 1.4124   | 1.3890   | 1.7119   |
| -- Upper Midwest - f.o.b   | 1.3680 - 1.5048   | 1.4156 - 1.5629   | 1.3781 - 1.4443   | 1.2783 - 1.4179   | 1.3589 - 1.4445   | 1.4179   | 1.7334   |
| <b>PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.</b> |                   |                   |                   |                   |                   |          |          |
| -- Class II  | 0.9850 - 1.0300   | 0.9500 - 1.0000   | 0.9500 - 1.0000   | 0.9500 - 1.0000   | 0.9500 - 1.0000   | 0.9781   | 1.0179   |
| -- Class III   | 0.6800 - 0.8700   | 0.8000 - 0.8700   | 0.8000 - 0.8700   | 0.7200 - 0.8500   | 0.7200 - 0.8600   | 0.8090   | 0.9564   |
| <b>NATIONAL EVAPORATED MILK (\$ per Case)</b>                                |                   |                   |                   |                   |                   |          |          |
| <b>(Case - 48 - 12 fluid oz cans)</b>  |                   |                   |                   |                   |                   |          |          |
| -- Delivered Major U.S. Cities   | 18.0000 - 30.0000 | 18.0000 - 30.0000 | 18.0000 - 30.0000 | 18.0000 - 30.0000 | 18.0000 - 30.0000 | 24.0000  | 26.0000  |

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

| COMMODITY                           | REPORT NUMBER 1<br>JAN 01 - 03 | REPORT NUMBER 2<br>JAN 06 - 10 | REPORT NUMBER 3<br>JAN 13 - 17 | REPORT NUMBER 4<br>JAN 20 - 24 | REPORT NUMBER 5<br>JAN 27 - 31 | 2003<br>Average<br>or Total | 2002<br>Average<br>or Total |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
| DRY PRODUCTS                        |                                |                                |                                |                                |                                |                             |                             |
| NONFAT DRY MILK                     |                                |                                |                                |                                |                                |                             |                             |
| -- Central And East (f.o.b.)        |                                |                                |                                |                                |                                |                             |                             |
| -- Low/Medium Heat                  | 0.8000 - 0.9500                | 0.8000 - 0.9300                | 0.8400 - 0.9000                | 0.8000 - 0.8900                | 0.8000 - 0.8700                | 0.8562                      | 0.9396                      |
| -- Mostly                           | 0.8800 - 0.9300                | 0.8600 - 0.8900                | 0.8400 - 0.8600                | 0.8300 - 0.8500                | 0.8300 - 0.8400                | 0.8557                      | 0.9514                      |
| -- High Heat                        | 0.9175 - 1.0050                | 0.8800 - 0.9850                | 0.8775 - 0.9300                | 0.8675 - 0.9300                | 0.8675 - 0.9250                | 0.9133                      | 0.9986                      |
| -- West (f.o.b.)                    |                                |                                |                                |                                |                                |                             |                             |
| -- Low/Medium Heat                  | 0.7950 - 0.9400                | 0.7950 - 0.9200                | 0.7950 - 0.9100                | 0.7950 - 0.9025                | 0.7950 - 0.9000                | 0.8532                      | 0.9511                      |
| -- Mostly                           | 0.8000 - 0.8700                | 0.8000 - 0.8400                | 0.8000 - 0.8200                | 0.8000 - 0.8200                | 0.8000 - 0.8200                | 0.8148                      | 0.9123                      |
| -- High Heat                        | 0.8550 - 0.9200                | 0.8550 - 0.9100                | 0.8400 - 0.8900                | 0.8300 - 0.8900                | 0.8300 - 0.8900                | 0.8692                      | 0.9832                      |
| WHEY POWDER (Nonhygroscopic)        |                                |                                |                                |                                |                                |                             |                             |
| -- Central (f.o.b.)                 | 0.1650 - 0.1825                | 0.1500 - 0.1725                | 0.1500 - 0.1650                | 0.1500 - 0.1625                | 0.1500 - 0.1625                | 0.1594                      | 0.2689                      |
| -- Mostly                           | 0.1650 - 0.1800                | 0.1550 - 0.1650                | 0.1550 - 0.1600                | 0.1550 - 0.1600                | 0.1550 - 0.1600                | 0.1595                      | 0.2696                      |
| -- West (f.o.b.)                    | 0.1800 - 0.2400                | 0.1700 - 0.2350                | 0.1600 - 0.2150                | 0.1500 - 0.2000                | 0.1500 - 0.1925                | 0.1870                      | 0.2427                      |
| -- Mostly                           | 0.1950 - 0.2150                | 0.1850 - 0.2050                | 0.1700 - 0.1950                | 0.1600 - 0.1825                | 0.1600 - 0.1725                | 0.1816                      | 0.2378                      |
| -- Northeast (f.o.b.)               | 0.1725 - 0.2000                | 0.1725 - 0.1950                | 0.1600 - 0.1925                | 0.1575 - 0.1875                | 0.1575 - 0.1800                | 0.1765                      | N.A.                        |
| -- Southeast Extra Grade (Delvd)    | 0.1950 - 0.2050                | 0.1800 - 0.2050                | 0.1800 - 0.1950                | 0.1800 - 0.1950                | 0.1800 - 0.1950                | 0.1899                      | 0.3017                      |
| WHEY PROTEIN CONCENTRATE            |                                |                                |                                |                                |                                |                             |                             |
| -- Central And West (f.o.b.)        |                                |                                |                                |                                |                                |                             |                             |
| -- Extra Grade 34% Protein          | 0.5100 - 0.5425                | 0.5100 - 0.5425                | 0.5100 - 0.5425                | 0.4900 - 0.5425                | 0.4900 - 0.5425                | 0.5220                      | 0.6383                      |
| -- Mostly                           | 0.5100 - 0.5150                | 0.5100 - 0.5150                | 0.5100 - 0.5150                | 0.5100 - 0.5150                | 0.5100 - 0.5150                | 0.5125                      | 0.6663                      |
| ANIMAL FEED - WHEY                  |                                |                                |                                |                                |                                |                             |                             |
| -- Central (f.o.b.)                 |                                |                                |                                |                                |                                |                             |                             |
| -- Milk Replacer                    | 0.1450 - 0.1600                | 0.1450 - 0.1550                | 0.1450 - 0.1500                | 0.1400 - 0.1500                | 0.1400 - 0.1500                | 0.1475                      | 0.2356                      |
| -- Roller Ground                    | 0.1650 - 0.1950                | 0.1625 - 0.1950                | 0.1500 - 0.1850                | 0.1475 - 0.1825                | 0.1475 - 0.1825                | 0.1703                      | 0.2730                      |
| BUTTERMILK (Min. 30% protein)       |                                |                                |                                |                                |                                |                             |                             |
| -- Central (f.o.b.)                 | 0.7200 - 0.8250                | 0.7200 - 0.7725                | 0.6600 - 0.7450                | 0.6900 - 0.7450                | 0.6900 - 0.7450                | 0.7260                      | 0.9739                      |
| -- West (f.o.b.)                    | 0.7300 - 0.7800                | 0.7000 - 0.7800                | 0.7000 - 0.7800                | 0.7000 - 0.7700                | 0.7000 - 0.7650                | 0.7387                      | 1.0382                      |
| -- Mostly                           | 0.7600 - 0.7750                | 0.7300 - 0.7700                | 0.7300 - 0.7500                | 0.7300 - 0.7400                | 0.7300 - 0.7400                | 0.7429                      | 1.0221                      |
| -- Northeast (f.o.b.)               | 0.7500 - 0.8150                | 0.7200 - 0.8150                | 0.7200 - 0.8150                | 0.7000 - 0.7650                | 0.7300 - 0.7450                | 0.7551                      | 1.0063                      |
| -- Southeast (Delvd)                | 0.7800 - 0.8350                | 0.7800 - 0.8350                | 0.7800 - 0.8250                | 0.7400 - 0.8250                | 0.7400 - 0.7850                | 0.7908                      | 1.0160                      |
| WHOLE MILK POWDER                   |                                |                                |                                |                                |                                |                             |                             |
| -- National (f.o.b.)                | 1.1000 - 1.1800                | 1.1075 - 1.1800                | 1.1075 - 1.1700                | 1.1075 - 1.1700                | 1.0800 - 1.1550                | 1.1350                      | 1.2364                      |
| LACTOSE                             |                                |                                |                                |                                |                                |                             |                             |
| -- Central And West (f.o.b.)        | 0.1550 - 0.2350                | 0.1550 - 0.2350                | 0.1550 - 0.2350                | 0.1550 - 0.2350                | 0.1550 - 0.2350                | 0.1950                      | 0.2381                      |
| -- Mostly                           | 0.1550 - 0.1800                | 0.1550 - 0.1800                | 0.1550 - 0.1800                | 0.1550 - 0.1800                | 0.1550 - 0.1800                | 0.1675                      | 0.2225                      |
| CASEIN - Edible - National (f.o.b.) |                                |                                |                                |                                |                                |                             |                             |
| -- Nonrestricted - Rennet           | 1.9500 - 2.1000                | 1.9500 - 2.1000                | 1.9000 - 2.1000                | 1.9000 - 2.1000                | 1.9000 - 2.1000                | 2.0083                      | 2.4250                      |
| -- Nonrestricted - Acid             | 1.8000 - 1.9500                | 1.8000 - 1.9500                | 1.8000 - 1.9500                | 1.8000 - 1.9500                | 1.8000 - 1.9500                | 1.8750                      | 2.2664                      |

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.



## CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JANUARY 2003

| COMMODITY          | REPORT NUMBER 1 | REPORT NUMBER 2 | REPORT NUMBER 3 | REPORT NUMBER 4 | REPORT NUMBER 5 | 2003 *          | 2002 *          |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                    | JAN 1 - 3       | JAN 6 - 10      | JAN 13 - 17     | JAN 21 - 24     | JAN 27 - 31     | Monthly Average | Monthly Average |
| BUTTER*            |                 |                 |                 |                 |                 |                 |                 |
| -- GRADE AA        |                 |                 |                 |                 |                 |                 |                 |
| --Monday           |                 | 1.1350          | 1.0800          | #               | 1.0675          |                 |                 |
| --Tuesday          |                 |                 |                 |                 |                 |                 |                 |
| --Wednesday        | #               | 1.0925          | 1.0700          | 1.0725          | 1.0650          |                 |                 |
| --Thursday         |                 |                 |                 |                 |                 |                 |                 |
| --Friday           | 1.1200          | 1.0800          | 1.0725          | 1.0675          | 1.0550          | 1.0815          | 1.3454          |
| --Weekly Average** | 1.1325          | 1.1025          | 1.0742          | 1.0700          | 1.0625          |                 |                 |
| CHEESE*            |                 |                 |                 |                 |                 |                 |                 |
| -- BARRELS         |                 |                 |                 |                 |                 |                 |                 |
| --Monday           |                 | 1.1100          | 1.1000          | #               | 1.0900          |                 |                 |
| --Tuesday          |                 | 1.1100          | 1.1200          | 1.1100          | 1.0700          |                 |                 |
| --Wednesday        | #               | 1.1100          | 1.1150          | 1.0800          | 1.0500          |                 |                 |
| --Thursday         | 1.1100          | 1.1000          | 1.1150          | 1.0700          | 1.0600          |                 |                 |
| --Friday           | 1.1100          | 1.1000          | 1.1100          | 1.0600          | 1.0500          | 1.0929          | 1.2970          |
| --Weekly Average** | 1.1100          | 1.1060          | 1.1120          | 1.0800          | 1.0640          |                 |                 |
| -- 40# BLOCKS      |                 |                 |                 |                 |                 |                 |                 |
| --Monday           |                 | 1.1325          | 1.1400          | #               | 1.1600          |                 |                 |
| --Tuesday          |                 | 1.1400          | 1.1575          | 1.1700          | 1.1700          |                 |                 |
| --Wednesday        | #               | 1.1175          | 1.1600          | 1.1700          | 1.1700          |                 |                 |
| --Thursday         | 1.1100          | 1.1125          | 1.1600          | 1.1750          | 1.1700          |                 |                 |
| --Friday           | 1.1275          | 1.1125          | 1.1700          | 1.1700          | 1.1700          | 1.1507          | 1.3242          |
| --Weekly Average** | 1.1158          | 1.1230          | 1.1575          | 1.1713          | 1.1680          |                 |                 |
| NONFAT DRY MILK*   |                 |                 |                 |                 |                 |                 |                 |
| -- EXTRA GRADE     |                 |                 |                 |                 |                 |                 |                 |
| --Monday           |                 | 0.8900          | 0.8900          | #               | 0.8900          |                 |                 |
| --Tuesday          |                 | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Wednesday        | #               | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Thursday         | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Friday           | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          | 0.8919          | 0.9900          |
| --Weekly Average** | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| -- GRADE A         |                 |                 |                 |                 |                 |                 |                 |
| --Monday           |                 | 0.8900          | 0.8900          | #               | 0.8900          |                 |                 |
| --Tuesday          |                 | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Wednesday        | #               | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Thursday         | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |
| --Friday           | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          | 0.8919          | 1.0000          |
| --Weekly Average** | 0.9100          | 0.8900          | 0.8900          | 0.8900          | 0.8900          |                 |                 |

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

# CME was closed.

**JANUARY 2003 DEIP BID ACCEPTANCES**

| ACCEPTANCE<br>DATE  | DESTINATION | QUANTITY<br>(MT) | DEL. PERIOD | BONUS/MT        |
|---|-------------|------------------|-------------|-----------------|
| <b>NONFAT DRY MILK</b>  |             |                  |             |                 |
| JULY 2002 – DECEMBER 2002   |             | 42,626           |             |                 |
| JANUARY 1 – 31, 2003  |             | <u>0</u>         |             |                 |
| JULY 2002 – JANUARY 2003  |             | <u>42,626</u>    |             |                 |
| <b>CHEESE</b>   |             |                  |             |                 |
| JULY 2002 - DECEMBER 2002   |             | 1,894            |             |                 |
| JANUARY 1 – 31, 2003  |             | <u>0</u>         |             |                 |
| JULY 2002 – JANUARY 2003  |             | <u>1,894</u>     |             |                 |
| C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL |             |                  |             |                 |
| <b>BUTTERFAT</b>  |             |                  |             |                 |
| JULY 2002 –DECEMBER 2002  |             | N/A              |             |                 |
| JANUARY 1 – 31, 2003  |             | <u>0</u>         |             |                 |
| JULY 2002 – JANUARY 2003  |             | <u>0</u>         |             |                 |
| A-ANHYDROUS MILKFAT, B-BUTTER   |             |                  |             |                 |
| TOTAL MT  |             |                  |             | PROGRAM TO DATE |
| TOTAL BONUS VALUE   |             |                  |             | 44,520          |
|   |             |                  |             | \$19,984,946    |

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2002: Nonfat Dry Milk – 68,201 MT; Cheese – 3,030 MT; Butterfat – 21,097 MT

Allocations are being announced in stages. Stage one was for 17,050 MT of Nonfat Dry Milk, 5,274 MT of Butter and 757 MT of Cheese. Stage two was for 25,576 MT of Nonfat Dry Milk, 7,912 MT of Butter and 1,137 MT of Cheese. Invitations were announced only for Cheese and Nonfat Dry Milk and volumes are already filled.

## JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2003 was unchanged at 126. Compared with January 2002, the index was up 4 points (3.3 percent). The index of prices received by farmers for dairy products declined 1 point during the month of January 2003 to 90. Compared with January 2002, the index was down 13 points (12.6 percent).

Prices received by farmers in January with changes from December were: for All Milk, \$11.80 per hundredweight (cwt.), down \$.10; for Fluid Grade Milk, \$11.90 per cwt., unchanged; and for Manufacturing Grade Milk, \$10.50 per cwt., down \$.10.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 2003 WITH COMPARISONS

| STATE | All-milk price 1/ 3/ |         |                  |         | Milk cows 5/     |         | Cows 6/          |         | All hay baled 7/ |        |
|-------|----------------------|---------|------------------|---------|------------------|---------|------------------|---------|------------------|--------|
|       | Dollars per cwt.     |         | Dollars per cwt. |         | Dollars per head |         | Dollars per cwt. |         | Dollars per ton  |        |
|       | DECEMBER             |         | JANUARY          |         | JANUARY          |         | JANUARY          |         | JANUARY          |        |
|       | 2002                 | 2001 2/ | 2003 4/          | 2002 2/ | 2003 4/          | 2002 2/ | 2003 7/          | 2002 8/ | 2003             | 2002   |
| CA    | 10.70                | 12.30   | 10.70            | 12.01   | 1,380            | 1,800   | 35.00            | 36.00   | 96.00            | 111.00 |
| ID    | 11.20                | 12.60   | 11.20            | 12.70   | 1,450            | 1,600   | 34.50            | 36.30   | 88.00            | 111.00 |
| MI    | 11.80                | 13.50   | 11.80            | 13.70   | 1,400            | 1,550   | 36.00            | 40.50   | 95.00            | 77.00  |
| MN    | 11.90                | 13.70   | 11.90            | 13.80   | 1,270            | 1,470   | 37.50            | 39.60   | 68.00            | 57.00  |
| NM    | 11.90                | 13.50   | 11.80            | 13.50   | 1,470            | 1,700   | 36.20            | 42.70   | 139.00           | 133.00 |
| NY    | 12.60                | 14.00   | 12.50            | 14.10   | 1,300            | 1,500   | ---              | ---     | 108.00           | 104.00 |
| PA    | 13.80                | 14.90   | 13.70            | 15.00   | 1,400            | 1,650   | 36.80            | 39.60   | 140.00           | 124.00 |
| TX    | 12.80                | 14.30   | 12.60            | 14.50   | 1,360            | 1,750   | 34.40            | 38.30   | 71.00            | 71.00  |
| WA    | 11.70                | 13.50   | 11.50            | 13.50   | 1,370            | 1,650   | ---              | ---     | 108.00           | 121.00 |
| WI    | 11.90                | 13.60   | 11.90            | 13.60   | 1,380            | 1,540   | 34.70            | 38.50   | 70.00            | 62.00  |
| U.S.  | 11.90                | 13.50   | 11.80            | 13.40   | 1,370            | 1,610   | 35.50            | 38.00   | 92.90            | 93.00  |

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 2003 WITH COMPARISONS

| ITEM  | JANUARY<br>2002 | DECEMBER<br>2002 2/ | JANUARY<br>2003 3/ |
|---|-----------------|---------------------|--------------------|
| <b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:                      |                 |                     |                    |
| All milk  | 13.40           | 11.90               | 11.80              |
| Fluid grade milk  | 13.40           | 11.90               | 11.90              |
| Manufacturing grade milk  | 12.40           | 10.60               | 10.50              |
| <b>INDEX NUMBERS</b> (1990-92=100):   |                 |                     |                    |
| Prices received by farmers for all farm products  | 95              | 98                  | 99                 |
| Prices received by farmers for dairy products   | 103             | 91                  | 90                 |
| Prices paid by farmers for commodities and services, interest taxes, and wage rates                 | 122             | 126                 | 126                |
| Prices paid by farmers for production items   | 117             | 121                 | 122                |
| Prices paid by farmers for feed   | 108             | 117                 | 118                |
| <b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/ | 3.03            | 2.43                | 2.47               |

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and whole wheat.

**SOURCE:** "Agricultural Prices," Pr 1 (1-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2003, totaled 9.15 million head, up slightly from January 1, 2002 but down slightly from January 1, 2001

Milk replacement heifers totaled 4.10 million head, up 1 percent from both January 1, 2002 and January 1, 2001.

The number of milk replacement heifers per 100 milk cows on January 1, 2003 was 44.8, up from 44.6 on January 1, 2002, and up from 44.2 on January 1, 2001.

## MILK COW INVENTORY: Number by Class, January 1, 2002-2003

| State | Milk Cows that Have Calved |       | Heifers for Milk Cow Replacement |      | State | Milk Cows that Have Calved |       | Heifers for Milk Cow Replacement |       |
|-------|----------------------------|-------|----------------------------------|------|-------|----------------------------|-------|----------------------------------|-------|
|       | 2002                       | 2003  | 2002                             | 2003 |       | 2002                       | 2003  | 2002                             | 2003  |
|       | 1,000 Head                 |       |                                  |      |       | 1,000 Head                 |       |                                  |       |
| AL    | 20                         | 19    | 7                                | 7    | NE    | 68                         | 66    | 25                               | 20    |
| AK    | 1.2                        | 1.3   | 0.5                              | 0.6  | NV    | 25                         | 25    | 10                               | 11    |
| AZ    | 140                        | 150   | 33                               | 35   | NH    | 18                         | 17    | 8                                | 8     |
| AR    | 33                         | 31    | 15                               | 10   | NJ    | 13                         | 13    | 6                                | 6     |
| CA    | 1,620                      | 1,680 | 770                              | 790  | NM    | 290                        | 310   | 60                               | 70    |
| CO    | 93                         | 98    | 40                               | 38   | NY    | 675                        | 680   | 300                              | 325   |
| CT    | 24                         | 23    | 11.5                             | 11.0 | NC    | 66                         | 63    | 30                               | 28    |
| DE    | 9                          | 9     | 3.5                              | 3.3  | ND    | 42                         | 37    | 15                               | 13    |
| FL    | 152                        | 147   | 40                               | 40   | OH    | 260                        | 260   | 110                              | 110   |
| GA    | 86                         | 85    | 29                               | 29   | OK    | 87                         | 88    | 20                               | 30    |
| HI    | 7                          | 6     | 3                                | 3    | OR    | 105                        | 117   | 55                               | 60    |
| ID    | 377                        | 390   | 175                              | 190  | PA    | 588                        | 590   | 285                              | 280   |
| IL    | 115                        | 114   | 50                               | 50   | RI    | 1.4                        | 1.4   | 0.7                              | 0.6   |
| IN    | 154                        | 145   | 66                               | 55   | SC    | 20                         | 20    | 8                                | 8     |
| IA    | 205                        | 208   | 120                              | 100  | SD    | 98                         | 94    | 30                               | 30    |
| KS    | 95                         | 105   | 40                               | 50   | TN    | 90                         | 84    | 40                               | 40    |
| KY    | 125                        | 120   | 40                               | 45   | TX    | 310                        | 311   | 100                              | 110   |
| LA    | 54                         | 49    | 11                               | 10   | UT    | 93                         | 91    | 44                               | 45    |
| ME    | 38                         | 36    | 20                               | 19   | VT    | 154                        | 153   | 58                               | 59    |
| MD    | 81                         | 80    | 33                               | 32   | VA    | 120                        | 118   | 60                               | 48    |
| MA    | 21                         | 20    | 9                                | 10   | WA    | 247                        | 247   | 105                              | 105   |
| MI    | 297                        | 301   | 135                              | 135  | WV    | 16                         | 15    | 5                                | 7     |
| MN    | 500                        | 480   | 295                              | 295  | WI    | 1,280                      | 1,265 | 650                              | 650   |
| MS    | 34                         | 33    | 15                               | 15   | WY    | 5                          | 4     | 1                                | 1     |
| MO    | 140                        | 134   | 60                               | 55   |       |                            |       |                                  |       |
| MT    | 19                         | 18    | 13                               | 11   | U.S.  | 9,112                      | 9,152 | 4,060                            | 4,104 |

**SOURCE:** "Cattle," Mt An 2 (1-03), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.



## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JANUARY

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for January 2003 is \$1.1856 per pound. Thus, the Class II butterfat price is \$1.1926. The protein and other solids prices for January are \$1.8164 and \$0.0339 per pound, respectively. These component prices set the Class III skim milk price at \$5.83 per cwt. The January Class IV skim milk price is \$6.13 which is derived from the nonfat solids price of \$0.6807 per pound.

**Product Price Averages:** The product price averages for January are; butter \$1.0872, nonfat dry milk \$0.8207, cheese \$1.1370, and dry whey \$0.1728.

| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/ |                 |                        |          |           |          |               |
|---|-----------------|------------------------|----------|-----------|----------|---------------|
| FEDERAL MILK ORDER<br>MARKETING AREAS 3/  | ORDER<br>NUMBER | JANUARY 2003           |          |           |          | FEBRUARY 2003 |
|   |                 | CLASS I                | CLASS II | CLASS III | CLASS IV | CLASS I       |
|   |                 | DOLLARS PER 100 POUNDS |          |           |          |               |
| Northeast (Boston) 4/   | 001             | 13.81                  | 11.29    | 9.78      | 10.07    | 13.48         |
| Appalachian (Charlotte) 5/  | 005             | 13.66                  | 11.29    | 9.78      | 10.07    | 13.33         |
| Southeast (Atlanta) 6/  | 007             | 13.66                  | 11.29    | 9.78      | 10.07    | 13.33         |
| Florida (Tampa ) 7/   | 006             | 14.56                  | 11.29    | 9.78      | 10.07    | 14.23         |
| Mideast (Cleveland) 8/  | 033             | 12.56                  | 11.29    | 9.78      | 10.07    | 12.23         |
| Upper Midwest (Chicago) 9/  | 030             | 12.36                  | 11.29    | 9.78      | 10.07    | 12.03         |
| Central (Kansas City) 10/   | 032             | 12.56                  | 11.29    | 9.78      | 10.07    | 12.23         |
| Southwest (Dallas) 11/  | 126             | 13.56                  | 11.29    | 9.78      | 10.07    | 13.23         |
| Arizona-Las Vegas (Phoenix) 12/   | 131             | 12.91                  | 11.29    | 9.78      | 10.07    | 12.58         |
| Western (Salt Lake City) 13/  | 135             | 12.46                  | 11.29    | 9.78      | 10.07    | 12.13         |
| Pacific Northwest (Seattle) 14/   | 124             | 12.46                  | 11.29    | 9.78      | 10.07    | 12.13         |
| All-Market Average  | ---             | 13.14                  | 11.29    | 9.78      | 10.07    | 12.81         |

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other cities are: Portland, same; and Spokane, same.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, ANNUAL

**HIGHLIGHTS:** Handler reports of receipts and utilization under the Federal milk order system for 2002 have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During 2002, about 125.5 billion pounds of milk were received from producers. This volume of milk is 4.4 percent higher than the 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +3.8 percent.) About 46.0 billion pounds of producer milk were used in Class I products, 0.3 percent higher than the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 37%, Class II = 10%, Class III = 44%, and Class IV = 9%. The weighted average statistical uniform price was \$11.91 per cwt., \$2.99 lower than last year.

| PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF YEAR 2002 |                 |                              |                              |  |                              |         |  |              |             |                            |
|---|-----------------|------------------------------|------------------------------|--|------------------------------|---------|--|--------------|-------------|----------------------------|
| FEDERAL MILK ORDER MARKETING<br>AREA <u>1/</u>  | ORDER<br>NUMBER | RECEIPTS OF<br>PRODUCER MILK |                              | UTILIZATION OF PRODUCER<br>MILK IN CLASS I |                              |         | UTILIZATION OF PRODUCER<br>MILK IN OTHER CLASSES |              |             | UNIFORM<br>PRICE <u>2/</u> |
|   |                 | TOTAL                        | CHANGE<br>FROM PREV.<br>YEAR | TOTAL                                      | CHANGE<br>FROM PREV.<br>YEAR | PERCENT | CLASS<br>II                                      | CLASS<br>III | CLASS<br>IV |                            |
|   |                 | MIL.<br>LBS.                 | PERCENT                      | MIL. LBS.                                  | PERCENT                      |         | PERCENT  |              |             | \$ PER<br>CWT.             |
| Northeast (Boston)  | 001             | 24,358.4                     | 3.3                          | 10,694.8                                   | 0.5                          | 42      | 17   | 31           | 10          | 12.65                      |
| Appalachian (Charlotte)   | 005             | 6,706.4                      | 0.5                          | 4,448.9                                    | 2.2                          | 67      | 14   | 8            | 11          | 13.25                      |
| Southeast (Atlanta)   | 007             | 7,926.6                      | 2.0                          | 4,767.3                                    | -0.8                         | 60      | 10   | 21           | 9           | 13.05                      |
| Florida (Tampa)   | 006             | 2,692.6                      | -2.9                         | 2,394.6                                    | -3.9                         | 89      | 7  | 2            | 2           | 14.63                      |
| Mideast (Cleveland)   | 033 <u>3/</u>   | 17,739.3                     | 3.0                          | 6,552.5                                    | -1.2                         | 37      | 13   | 46           | 4           | 11.58                      |
| Upper Midwest (Chicago)   | 030 <u>3/</u>   | 20,306.6                     | 1.2                          | 4,094.2                                    | 3.1                          | 20      | 3  | 76           | 1           | 10.98                      |
| Central (Kansas City)   | 032 <u>3/</u>   | 18,699.8                     | 4.8                          | 4,865.9                                    | -0.3                         | 26      | 6  | 63           | 5           | 11.24                      |
| Southwest (Dallas)  | 126 <u>3/</u>   | 9,713.8                      | 12.9                         | 4,055.8                                    | 0.7                          | 42      | 11   | 34           | 13          | 12.39                      |
| Arizona-Las Vegas (Phoenix)   | 131             | 3,026.6                      | 2.4                          | 963.9                                      | 1.1                          | 32      | 4  | 38           | 26          | 11.54                      |
| Western (Salt Lake City)  | 135 <u>3/</u>   | 5,552.5                      | 18.7                         | 1,090.8                                    | 5.6                          | 20      | 7  | 59           | 14          | 11.09                      |
| Pacific Northwest (Seattle)   | 124 <u>3/</u>   | 7,823.7                      | 10.4                         | 2,114.3                                    | 0.8                          | 27      | 6  | 36           | 31          | 11.24                      |
| <b>ALL MARKET AVERAGE OR TOTAL</b>  | <u>3/</u>       | 125,546.2                    | 4.4                          | 46,043.0                                   | 0.3                          | 37      | 10   | 44           | 9           | 11.91                      |

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 2.9 billion pounds of milk in 2002 that normally would have been associated with these markets. In 2001, the estimated not-pooled volume of milk was 3.4 billion pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +3.8.

## DECEMBER 2002 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 127.0 million pounds in December, 3.2 percent above December 2001 and 21.8 percent above November 2002. **AMERICAN TYPE CHEESE** production totaled 312.1 million pounds, slightly below December 2001 but 7.0 percent above November 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 731.5 million pounds, 4.0 percent above December 2001 and 2.6 percent above November 2002. **NONFAT DRY MILK** production, for human food, totaled 127.5 million pounds, 2.5 percent below December 2001 but 32.7 percent above November 2002. **DRY WHEY** production, for human food, was 90.4 million pounds, 5.6 percent above December 2001 and 5.2 percent above November 2002. **ICE CREAM** (hard) production totaled 58.3 million gallons, 6.9 percent above December 2001 but 1.4 percent below November 2002.

| PRODUCTION OF DAIRY PRODUCTS  |            |                      |          |                 |                                   |               |                      |          |                 |
|-------------------------------|------------|----------------------|----------|-----------------|-----------------------------------|---------------|----------------------|----------|-----------------|
| PRODUCT                       | DEC 2002   | PERCENT CHANGE FROM: |          |                 | PRODUCT                           | DEC 2002      | PERCENT CHANGE FROM: |          |                 |
|                               | 1,000 LBS. | DEC 2001             | NOV 2002 | YEAR TO DATE 1/ |                                   | 1,000 LBS.    | DEC 2001             | NOV 2002 | YEAR TO DATE 1/ |
| BUTTER                        | 126,987    | 3.2                  | 21.8     | 9.9             | YOGURT (PLAIN AND FLAVORED)       | 158,927       | -0.3                 | 6.9      | ---             |
| CHEESE                        |            |                      |          |                 | CONDENSED WHEY, SOLIDS CONTENT 6/ |               |                      |          |                 |
| AMERICAN TYPES 2/             | 312,077    | ---                  | 7.0      | 4.2             | SWEET-TYPE, HUMAN FOOD            | 8,277         | 42.8                 | 33.6     | ---             |
| CHEDDAR                       | 236,513    | -1.3                 | 8.5      | 2.2             | SWEET-TYPE, ANIMAL FEED 7/        |               |                      |          | ---             |
| SWISS                         | 22,634     | 12.3                 | 4.1      | ---             | DRY WHEY PRODUCTS                 |               |                      |          |                 |
| BRICK & MUENSTER              | 7,624      | -1.6                 | 3.8      | ---             | DRY WHEY, HUMAN FOOD              | 90,435        | 5.6                  | 5.2      | ---             |
| CREAM & NEUFCHATEL            | 56,288     | 19.6                 | -21.2    | ---             | DRY WHEY, ANIMAL FEED             | 6,530         | 22.7                 | 15.7     | ---             |
| HISPANIC                      | 9,599      | 19.6                 | -1.5     | ---             | REDUCED LACTOSE AND MINERALS      |               |                      |          |                 |
| MOZZARELLA                    | 244,162    | 6.0                  | 5.2      | 3.9             | HUMAN FOOD                        | 3,981         | -43.5                | 11.8     | ---             |
| OTHER ITALIAN TYPES           | 62,938     | 4.8                  | 0.3      | 3.5             | ANIMAL FEED                       | 3,552         | 10.9                 | 11.0     |                 |
| TOTAL ITALIAN TYPES           | 307,100    | 5.7                  | 4.2      | 3.8             | LACTOSE, HUMAN FOOD & ANIMAL FEED | 50,206        | 6.9                  | 4.9      | ---             |
| ALL OTHER TYPES               | 16,200     | -6.6                 | 0.7      | ---             | WHEY PROTEIN CONCENTRATE          |               |                      |          |                 |
| TOTAL                         | 731,522    | 4.0                  | 2.6      | 3.8             | HUMAN FOOD                        | 28,444        | 18.8                 | 9.1      | ---             |
| COTTAGE CHEESE, CURD 3/       | 33,780     | 1.0                  | 2.5      | ---             | ANIMAL FEED                       | 3,264         | -13.6                | 3.8      | ---             |
| COTTAGE CHEESE, CREAM 4/      | 27,993     | 1.7                  | 2.7      | -1.1            |                                   |               |                      |          |                 |
| COTTAGE CHEESE, LOWFAT 5/     | 28,240     | 5.3                  | 3.8      | 1.3             |                                   |               |                      |          |                 |
| CANNED EVAPORATED & CONDENSED |            |                      |          |                 | FROZEN PRODUCTS                   | 1,000 GALLONS | PERCENT CHANGE FROM: |          |                 |
| WHOLE MILK                    | 36,607     | 2.3                  | -19.1    | ---             | ICE CREAM (HARD)                  | 58,314        | 6.9                  | -1.4     | 0.6             |
| DRY WHOLE MILK                | 3,843      | 30.5                 | 11.9     | ---             | ICE CREAM, LOWFAT (HARD)          | 6,719         | 2.8                  | 11.8     | ---             |
| NONFAT DRY MILK, HUMAN FOOD   | 127,491    | -2.5                 | 32.7     | 6.9             | ICE CREAM, LOWFAT (SOFT)          | 17,363        | -9.2                 | 9.2      | ---             |
| DRY SKIM MILK, ANIMAL FEED    | 382        | -18.2                | 15.1     | ---             | ICE CREAM, LOWFAT (TOTAL)         | 24,082        | -6.2                 | 9.9      | -7.6            |
| DRY BUTTERMILK                | 5,070      | -15.5                | 37.4     | ---             | SHERBET (HARD)                    | 3,391         | 18.2                 | 10.7     | 9.4             |
|                               |            |                      |          |                 | YOGURT (TOTAL)                    | 5,105         | 11.1                 | -7.7     | -1.0            |

## MANUFACTURERS' STOCKS, END OF MONTH 8/

| PRODUCT                                      | NOV 2002   | PERCENT OF: |          | PRODUCT                                  | NOV 2002   | PERCENT OF: |          |
|--|------------|-------------|----------|--|------------|-------------|----------|
|  | 1,000 LBS. | NOV 2001    | OCT 2002 |  | 1,000 LBS. | NOV 2001    | OCT 2002 |
| DRY WHEY PRODUCTS                            |            |             |          | WHEY PROTEIN CONCENTRATE                 |            |             |          |
| DRY WHEY, HUMAN FOOD                         | 40,837     | 8.4         | 11.5     | HUMAN FOOD                               | 21,574     | 16.4        | 0.8      |
| DRY WHEY, ANIMAL FEED                        | 2,479      | 28.0        | -20.7    | ANIMAL FEED                              | 1,412      | 52.0        | -1.0     |
| REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/ | 10,043     | 29.9        | 10.3     | CANNED EVAPORATED & CONDENSED WHOLE MILK | 52,913     | 31.4        | -3.3     |
| LACTOSE, HUMAN FOOD & ANIMAL FEED            | 45,627     | 46.9        | 16.2     | NONFAT DRY MILK FOR HUMAN FOOD           | 98,701     | -20.7       | 13.3     |
| DRY BUTTERMILK, TOTAL                        | 7,339      | -4.3        | 12.1     |  |            |             |          |

1/ 2002 cumulative as percent change of 2001 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Not shown when fewer than three plants reported or individual plant operations could be disclosed. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (2-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

|                        | FOR THE WEEK OF FEBRUARY 3 - 7, 2003 |                      |                    | CUMULATIVE TOTALS  |                       | UNCOMMITTED INVENTORIES |                       |
|------------------------|--------------------------------------|----------------------|--------------------|--------------------|-----------------------|-------------------------|-----------------------|
|                        | TOTAL PURCHASES                      | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/02     | SAME PERIOD LAST YEAR | WEEK ENDING 01/31/03    | SAME PERIOD LAST YEAR |
| <b>BUTTER</b>          |                                      |                      |                    |                    |                       |                         |                       |
| Bulk                   | 84,546                               | -0-                  | 84,546             | 2,453,344          | -0-                   | -0-                     | -0-                   |
| Packaged               | -0-                                  | -0-                  | -0-                | -0-                | -0-                   | -0-                     | -0-                   |
| <b>TOTAL</b>           | <b>84,546</b>                        | <b>-0-</b>           | <b>84,546</b>      | <b>2,453,344</b>   | <b>-0-</b>            | <b>-0-</b>              | <b>-0-</b>            |
| <b>CHEESE</b>          |                                      |                      |                    |                    |                       |                         |                       |
| Block                  | -0-                                  | -0-                  | -0-                | 343,714            | -0-                   | -0-                     | -0-                   |
| Barrel                 | -0-                                  | -0-                  | -0-                | 337,555            | -0-                   | -0-                     | -0-                   |
| Process                | 514,800                              | -0-                  | 514,800            | 6,692,400          | -0-                   | -0-                     | -0-                   |
| <b>TOTAL</b>           | <b>514,800</b>                       | <b>-0-</b>           | <b>514,800</b>     | <b>7,373,669</b>   | <b>-0-</b>            | <b>-0-</b>              | <b>-0-</b>            |
| <b>NONFAT DRY MILK</b> |                                      |                      |                    |                    |                       |                         |                       |
| Nonfortified           | 22,754,276                           | -0-                  | 22,754,276         | 192,954,272        | 146,562,577           | 1,007,838,000           | 720,277,000           |
| Fortified              | -0-                                  | -0-                  | -0-                | -0-                | -0-                   | 46,391,000              | 38,227,000            |
| <b>TOTAL</b>           | <b>22,754,276</b>                    | <b>-0-</b>           | <b>22,754,276</b>  | <b>192,954,272</b> | <b>146,562,577</b>    | <b>1,054,229,000</b>    | <b>758,504,000</b>    |

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

|   | MILKFAT* BASIS | SKIM** SOLIDS |                                    | MILKFAT* BASIS | SKIM** SOLIDS |
|---|----------------|---------------|------------------------------------|----------------|---------------|
| WEEK OF FEBRUARY 3 - 7, 2003 =            | 11.6           | 270.0         | COMPARABLE PERIOD IN 2002 =        | 2.9            | 152.6         |
| CUMULATIVE SINCE OCTOBER 1, 2002 =        | 164.0          | 2,319.3       | CUMULATIVE SAME PERIOD LAST YEAR = | 32.2           | 1,706.0       |
| CUMULATIVE JANUARY 1 - FEBRUARY 7, 2003 = | 89.9           | 1,053.7       | COMPARABLE CALENDAR YEAR 2002 =    | 15.3           | 810.1         |

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 3 - 7, 2003 (POUNDS)

| REGION  | BUTTER |          |          | CHEESE |        |         | NONFAT DRY MILK |           |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
|         | BULK   | PACKAGED | UNSALTED | BLOCK  | BARREL | PROCESS | NONFORTIFIED    | FORTIFIED |
| CENTRAL | -0-    | -0-      | -0-      | -0-    | -0-    | 514,800 | 636,618         | -0-       |
| WEST    | 84,546 | -0-      | -0-      | -0-    | -0-    | -0-     | 21,131,051      | -0-       |
| EAST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 986,607         | -0-       |

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

| REGION       | BUTTER           |            | CHEESE           |            | NONFAT DRY MILK    |                    | MILK EQUIVALENT (%) |              |
|--------------|------------------|------------|------------------|------------|--------------------|--------------------|---------------------|--------------|
|              | 2002/03          | 2001/02    | 2002/03          | 2001/02    | 2002/03            | 2001/02            | 2002/03             | 2001/02      |
| CENTRAL      | -0-              | -0-        | 6,692,400        | -0-        | 4,525,548          | 3,212,249          | 38.3                | 2.2          |
| WEST         | 2,453,344        | -0-        | 681,269          | -0-        | 186,062,373        | 140,646,003        | 61.4                | 96.0         |
| EAST         | -0-              | -0-        | -0-              | -0-        | 2,366,351          | 2,704,325          | 0.3                 | 1.8          |
| <b>TOTAL</b> | <b>2,453,344</b> | <b>-0-</b> | <b>7,373,669</b> | <b>-0-</b> | <b>192,954,272</b> | <b>146,562,577</b> | <b>100.0</b>        | <b>100.0</b> |

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/18/03 & Comparable Week 2002

| Regions* (000 HEAD) | U.S. TOTAL |     |      |      |      |      |      |     |      |     | % DAIRY OF ALL   |                  |
|---------------------|------------|-----|------|------|------|------|------|-----|------|-----|------------------|------------------|
|                     | 1          | 2   | 3    | 4    | 5    | 6    | 7    | 8   | 9    | 10  | WEEK SINCE JAN 1 | WEEK SINCE JAN 1 |
| 2003-Dairy          | 0.2        | 0.9 | 9.0  | 5.6  | 24.6 | 3.2  | 0.6  | 0.8 | 16.1 | 2.9 | 63.8             | 175.6            |
| 2002-Dairy          | 0.2        | 0.8 | 6.2  | 5.5  | 21.2 | 2.7  | 0.6  | 1.2 | 14.7 | 3.0 | 56.1             | 163.0            |
| 2003-All cows       | 0.2        | 1.1 | 12.1 | 16.2 | 37.4 | 17.4 | 16.0 | 4.0 | 18.6 | 7.7 | 130.7            | 359.8            |
| 2002-All cows       | 0.2        | 1.0 | 9.3  | 14.7 | 32.0 | 16.5 | 16.4 | 6.2 | 17.0 | 7.5 | 120.6            | 351.1            |

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1999 | 16.27 | 10.27 | 11.62 | 11.81 | 11.26 | 11.42 | 13.59 | 15.79 | 16.26 | 11.49 | 9.79  | 9.63  |
| 2000 | 10.05 | 9.54  | 9.54  | 9.41  | 9.37  | 9.46  | 10.66 | 10.13 | 10.76 | 10.02 | 8.57  | 9.37  |
| 2001 | 9.99  | 10.27 | 11.42 | 12.06 | 13.83 | 15.02 | 15.46 | 15.55 | 15.90 | 14.60 | 11.31 | 11.80 |

FEDERAL MILK ORDER CLASS PRICES FOR 2002 - 2003 (3.5% BF)

| CLASS | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN 2003 | FEB 2003 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|----------|
| I 1/  | 11.96 | 11.95 | 11.62 | 11.47 | 11.26 | 11.03 | 10.62 | 10.48 | 10.46 | 10.15 | 10.60 | 10.52 | 10.56    | 10.23    |
| II    | 12.69 | 12.28 | 12.19 | 11.88 | 11.29 | 11.19 | 11.14 | 11.07 | 10.91 | 11.12 | 11.26 | 11.62 | 11.29    |          |
| III   | 11.87 | 11.63 | 10.65 | 10.85 | 10.82 | 10.09 | 9.33  | 9.54  | 9.92  | 10.72 | 9.84  | 9.74  | 9.78     |          |
| IV    | 11.93 | 11.54 | 11.42 | 11.09 | 10.57 | 10.52 | 10.45 | 10.41 | 10.22 | 10.50 | 10.58 | 10.49 | 10.07    |          |

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)